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Part I: CHALLENGES AND POTENTIALS FOR INTERNATIONAL TRADE AND DEVELOPMENT IN THE 1990s */

A. The evolving international political and economic context

B. The development legacy of the 1980s [and the prospects for the 1990s [Recent trends affecting development prospects]

C. The growing convergence on development issues and priorities and a new partnership for development

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Part I

CHALLENGES AND POTENTIALS FOR INTERNATIONAL TRADE AND DEVELOPMENT IN THE 1990S

A. The evolving international political and economic context

1. The international community faces an unprecedented conjunction of challenges and opportunities, responses to which will shape the outcome of efforts to build a healthy, secure and equitable world economy. Prospects have improved for maintaining peace and security, strengthening multilateral co-operation, and progressively improving the human condition. With the ending of the Cold War, a marked easing has occurred in international political relations and the scope has widened for the reduction of nuclear and other armaments and of military expenditures throughout the world. The broad tide of economic reform, the democratization processes, and respect for human rights, have gathered pace. At the same time, the international political and economic situation remains fluid in many respects. [It is fraught with a multitude of serious problems and risks, which call for appropriate national and international initiatives.] [Important challenges now exist for national and international initiatives and/or action for tackling the serious problems and risks which remain.] [Important challenges remain.]

2. Several positive conditions have come into being for revitalizing the development process and building a new international partnership to that end. Structural and other changes in the global economy have brought within reach the means of overcoming many of the obstacles to this process. Economic performance in a number of developing countries and territories [especially in South East Asia], has shown considerable dynamism. These countries enjoyed vigorous growth and some of them made considerable progress in diversifying their economies and strengthening their position as major exporters of manufactures. Lately [some] [few] Latin American countries have restarted their own economic and exports growth. Yet long-standing problems of [stagnation, poverty, compounded by [very difficult] [unfavourable] international economic environment - notably as regards trade, commodities, resource flows [and technology] - [as well as the difficulties the developing countries are facing in implementing economic reforms] persist in most parts of the developing world]. [Poverty and unsatisfactory economic growth, compounded by unsuitable domestic policies and adverse developments in international trade and finance persist in many developing countries]. In [many] [some] developing countries, particularly the least developed, many of whom are in Africa, these problems accentuated by structural weaknesses have reached crisis proportions.

2 bis. [A world divided between a rich few and large masses of poor is unfair, inherently unstable and in the long run unsustainable. Therefore, among the greatest challenges ahead for the expansion of international trade and sustainable development of world economy is the necessity to reverse the progressive impoverishment of developing countries which deserves the utmost priority. This calls for international measures to alleviate poverty including through flow of international resources to affected countries. Success in reducing considerably the poverty in developing countries will contribute to the expansion of world trade and to ensuring sustainable development.]

3. Vigorous efforts have been under way in much of the developing world to adapt and improve the responsiveness of their economies to changing circumstances, to pursue market oriented reforms to enhance efficiency in the use of resources, as well as to promote also the processes of social development and democratization. [Initially, these efforts concentrated on stabilizing the macro-economic situation and political stability through measures to reduce fiscal deficits and to reduce high and accelerating rates of inflation, with a view to achieving a rapid improvement in external accounts and laying a basis for sustained economic growth in the medium term. Subsequently, many countries have moved on to implement structural or sectoral reforms of varying degrees of ambition, notably in areas of trade policy, investment policy, privatization [and deregulation], all with a view to improving efficiency, competitiveness and the climate for productive investment and enterprise.]

[These reforms have not been easy: many involved difficult choices among public sector spending priorities, as demands for social expenditures have competed with needs for new and rejuvenated physical infrastructures as well as the need to finance debt service. Often economic assumptions underlying reforms were undermined by interest rate increases or deteriorating terms of trade. But, at the beginning of the 1990s, it is becoming increasingly evident that those countries which began reforms early and persevered in implementing them, are beginning to see the benefits. As implied above, this is most evident in a number of Latin American countries, but the trend is not limited exclusively to them, [and the example of their success holds out hope for others.]]

Note: Final position of the text will be determined later.

3 bis. In countries of Central and Eastern Europe dramatic developments, involving the introduction of democratic forms of government in place of existing regimes, were accompanied by far-reaching institutional changes and rapid moves to market-based economic systems, as well as towards closer integration into the world economy. Countries in the region are addressing the challenges of complex economic and institutional reforms in a situation where traditional trade patterns have collapsed. It is also to be recognized that these countries are facing unprecedented challenges in transforming their economies, [in some cases, in the midst of considerable social and political tensions].

4. [At the same time, the realignments that have occurred in East-West relations have wide-ranging consequences for overall relations between underdeveloped and developing countries and raise questions in developing countries about the place of their vital interests in the emerging configuration of political and economic power. The assurances given by OECD countries as to the priority they would continue to attach to development co-operation with developing countries are to be welcomed. Concern persists nevertheless, in some parts of the developing countries about the implications for trade, [aid,] investment and technology flows to the developing countries of the strong support being provided by the OECD countries for the reform processes in Central and Eastern Europe]. The success of these various efforts would contribute significantly to international trade and development, as well as to peace and security and should contribute to greater dynamism in world trade and open new trading opportunities for all countries.

5. At the root of many of the recent structural changes in the world economy is technological innovation, including advances in micro-electronics, new materials, biotechnology and, prospectively, renewable energy. Knowledge-intensive processes have become increasingly important, as has the services sector in many economies. [These technological advances are modifying [the] international [division of] labour [patterns] and generating important consequences for the competitive position of countries in international trade. In particular, they [are] [could] [eroding] [erode] the traditional comparative advantage of developing countries in several areas, and [are] [could] adversely affect[ing] the demand for a number of products of export interest to those countries. Nevertheless, these technological innovations could, [if adapted to local conditions and accompanied by improved and preferential access and adequate diffusion,] [if absorbed by developing countries] help to solve many of the present pressing problems of developing countries, accelerate diversification and development of developing economies, as well as contribute to revitalizing the global economy].

6. Technological change has also helped to speed up the internationalization of several markets and fostered the globalization of investment, production and marketing. Over the past several years, prompted by increasing financial deregulation, the development of electronic trading has facilitated the emergence of a huge global market for funds and financial instruments. This evolution has significant [and sometimes negative] implications for the deployment of international investment and for the behaviour of exchange rates and interest rates, and hence for the relative competitiveness of economies. More recently, advances in information technologies, as well as in communications and transportation, have intensified the globalization process: corporate decisions on sourcing, production and marketing are increasingly taken within a global frame of reference, and strategic alliances have developed among transnational corporations, relying heavily on world-wide information networks. One result is that a growing share of international trade now takes place within such corporations and related firms. [and that the potential for anti-competitive practices has widened.] In addition to their extensive [control of] distribution channels and information networks, these entities have also come to play an important role in [determining] [affecting] the global location of economic activities and access to new technologies.

6 bis. At the same time, much economic dynamism and job creation in both developed and developing countries, derives from the activities of small and medium-size enterprises. They are contributing an increasing share of technological innovations, and are participating more actively in international trade. Less developed countries in particular have everything to gain from the small and medium-size enterprises.

7. In recent years the interactions between trade, investment, technology and services, and their financial underpinning, have grown denser. Key sectors covering trade flows in goods and services and developments in the areas of trade, money, finance, debt and commodities, are now more closely integrated. Linkages among economies as well as between major issues of economic policy have tightened and the interactions between the domestic economic policies of governments, internationally accepted rules and disciplines and the operation of market processes have become stronger and more diversified.

8. [The growth of interdependence has added, in varying degrees, to the constraints on the scope for autonomous policy-making within economies. While there are major benefits to be derived from a programme of integration into

the world economy, this also heightened the vulnerability of [those economies,] [developing countries' economies] such as those in the developing world,] that are open enough to come under considerable influence from policies pursued abroad, but [are not] [do not have] [sufficiently] [large] [weight] for their own policies to make a significant impact on others.] If, however, policies were formulated in a mutually reinforcing fashion to favour positive adjustment, growth and development in the world economy, interdependence could realize its full potential as a vehicle for the transmission of positive impulses, cumulating benefits for all in a positive sum game. The significance of this potential has recently acquired a new edge from the recognition that world-wide sustainable development requires both national and international action to conserve the earth's resources in a manner conducive to development and to eradicate poverty as one of the major sources of their degradation in the developing world.

9. The past few years have also seen a resurgence of interest in integration arrangements centring on common markets, customs unions or free trade areas. Groupings aimed at enhancing economic co-operation among developing countries are being strengthened. [These efforts should be supported by the international community]. Large economic spaces involving major trading partners have emerged, which could foster competitiveness, contribute to trade liberalization and help impart new dynamism to international trade. Through their growth effects, these economic spaces could lead to an expansion of market opportunities for other countries, including developing countries. [Even so, they would have to be managed with due regard to the principles, rules and disciplines of the multilateral trading system, if they were not to become inward-looking, shift the burden of adjustment to third parties, cause trade diversion and other problems for non-participant trading countries, [particularly developing countries] and increase the potential for trade disputes and tension.] [Thus these arrangements are to be welcomed, keeping in mind that they must respect accepted international rules with due regard to their impact on non-participating countries.]

10. [Population growth, compounded by attendant changes in the age structure of populations,] [Poverty related population pressures] have become increasingly critical issues for the sustainability of development. They are creating serious problems of savings mobilization and resource allocation and have increased the pressures on employment creation, education and training, and social services in many developing countries. In addition, international migration has become a matter of [widespread] concern in [both] receiving [and originating] countries, but also in the originating countries partly

because of the "brain drain" implications.] [Developing countries are especially concerned with the implications of the "brain drain" for their development]. [In the long run, the central question remains whether the international community can mobilize the necessary political commitment to pursue, in combination with [appropriate] domestic policies, the sustainable world-wide development process [needed to reduce the motivation for large scale international migration.] [In the long-run, the solution must lie in a sustainable world-wide development process which will reduce the motivation for large-scale international migration]. [In the long run, the central question remains whether developing countries will pursue the appropriate domestic policies, with international support, needed to reduce the motivation for large-scale international migration.]

10 bis. [Faced with the present international political and economic environment, member States of UNCTAD, recognizing that economic prosperity and success of reform policies in the developing countries and in the economies in transition are as essential for a peaceful and secure world, as the sound and sustained expansion of developed economies, rededicate themselves to continue and expand global assistance and co-operation efforts, according with each one's economic and financial capacity, over and above the geopolitical divisions of the past.]

B. The development legacy of the 1980s [and the prospects for the 1990s] [Recent trends affecting development prospects]

[11. These challenges and potentials for revitalizing the development process must be seen against the backdrop of the legacy of the 1980s. Following the recession of the early 1980s in the developed market economies, the global economy resumed its expansion, albeit at a more moderate pace than in the 1970s, but towards the end of the decade the rate of growth of world output began to decelerate. International trade returned to a path of relatively rapid growth in the second half of the 1980s. The decade, however, was marked by relatively high unemployment and record external and fiscal imbalances in some countries having a large impact on the world economy. These imbalances along with other factors contributed to high interest rates and international monetary instability, with [the system of floating] exchange rates showing considerable volatility. The imbalances started to narrow in the late 1980s, but nonetheless remain large. In countries in Central and Eastern Europe, as well as in many developing countries, the growth process slowed down and the need for structural transformation [and opening up the world markets] became increasingly evident, culminating, by the end of the decade, in sweeping economic as well as political changes.]

[12. For a majority of developing countries, the legacy of the 1980s included continuing serious difficulties in the [sustainable] development process, persistent poverty and deprivation, [difficult and unfavourable external environment] and the frequent failure of their structural adjustment efforts to lead to a resumption of sustained growth. [Difficulties of] Domestic policy [shortcomings] contributed to this legacy. However, a crucial factor was the unfavourable external economic environment, which was generally characterized by a reduction in resource flows, depressed commodity prices, increased barriers to market access, high real international interest rates, and reliance by some key countries on the application of economic weight rather than the observance of agreed multilateral rules and disciplines.]

[13. Despite these difficulties, not all developing countries suffered from adverse effects of the same magnitude. During the 1980s growth experiences in the developing world showed considerable diversity. [Several] [Some developing] countries enjoyed [significant] economic and social progress during the decade and a number of them [in South and South-East Asia] maintained a relatively fast tempo of growth and economic transformation. For a [vast] majority of developing countries, however, the 1980s [were a period of very] [saw the most] serious setbacks to the development process. Living conditions for larger parts of the population in [Africa, Latin America and the Caribbean, and in parts of Asia] [most developing countries] deteriorated, economic and social infrastructures eroded, output and employment fell, [and] reductions in investments in productive capacity [and the difficult unfavourable external environment] weakened their ability to achieve the changes in economic structures required for sustained growth. The deterioration in economic and social situation was in some cases accompanied by large scale capital flight. External indebtedness emerged as a major constraint in many countries, which experienced net financial outflows as their debt-servicing capacity was weakened by rising interest rates and declining terms of trade. The least developed countries were the worst affected by the disarray in the development process. On the whole, the decade of the 1980s saw a widening of the gap between the rich and the poor countries.]

[13.bis Almost all countries in Africa experienced economic decline or stagnation during the 1980s. While many African countries made progress in meeting their policy restructuring and resource allocation commitments, none of the goals of the United Nations Programme of Action on African Economic

Recovery and Development was fully realized. Targets for growth, food security, human investment and debt reduction were missed, so declines rather than hoped-for increases were recorded by many states and for Africa as a whole.]

[14. A large number of developing countries, under the pressure of budgetary and balance-of-payments difficulties, undertook far-reaching policy reforms and structural adjustment programmes aimed at restoring macro-economic balance, increasing the efficiency of resource use, opening their economies to the challenges of competition and creating conditions for sustainable growth. While the macro-economic policies adopted in the context of these programmes promoted improvement in the trade balances of some countries and helped reduce inflation rates, there were also experiences of the adverse impact of these programmes on investment - both private and public - output, employment and per capita incomes, and social conditions. Broad agreement, however, is beginning to emerge on the goals and constituent instruments of structural adjustment programmes and useful lessons are being learnt which should assist current efforts to improve the design, balance of instruments, sequencing and duration of such programmes.]

United States Proposal

B. Recent Trends Affecting Development Prospects

[11. These challenges and potentials for revitalizing the development process must be seen against the emerging trends and progress made in development since UNCTAD VII four years ago. By 1987, the global economy had resumed its expansion. International trade returned to a path of relatively rapid growth by the latter end of the 1980s. In countries in Central and Eastern Europe, the growth process slowed down and the need for structural transformation became increasingly evident, culminating, by the end of the decade, in sweeping economic as well as political changes.]

[12. For a majority of developing countries, the legacy of the 1980s included continuing serious difficulties in the development process, persistent poverty and deprivation, and the frequent failure of their structural adjustment efforts to lead to a resumption of sustained growth. However, with the close of the decade, new patterns in development are emerging and signs of economic recovery are beginning to show in a number of developing countries. A new momentum in development has been building on a renewed commitment to market-oriented reforms. A number of developing countries have begun to encourage new private investment, and other non debt creating flows of capital, as sources of capital for development and growth. Underlying every success story are strong reform efforts by a developing country.]

[13. The signs of economic recovery we are beginning to witness in some developing countries, including stronger growth, access to voluntary capital markets, new investment flows, and a repatriation of flight capital, provide new hope for other developing economies to move from crisis to performance as they face the continuing challenges of development.]

[14. Improved global growth is critical to our ability to meet the global challenges facing all countries in the period ahead. Clearly, much remains to be done, particularly for the poorest, least developed countries, to expand the progress of development throughout the developing world. Nonetheless, we should take heart from the progress made since UNCTAD VII, and through continued mutual efforts can strive for greater growth and prosperity throughout the global community.]

Asian proposal

on para 14 and for the addition of paras. 15 and 16

[14. Developing countries made vigorous efforts, almost always at the cost of considerable social and political sacrifices, to follow sound macro-economic policies, exercise fiscal discipline, relied more on market signals for the allocation of resources, and undertook the necessary adjustments in their external economic relations, including opening their economies to the challenges of competition. However, comparable and supportive measures were not taken by developed countries. While the macro-economic policies adopted in the context of these programmes promoted improvement in the trade balances of some countries and helped reduce inflation rates, there were also experiences of the adverse impact of these programmes on investment - both private and public - output, employment and per capita incomes, and social conditions. The pursuit of economic efficiency by developing countries would, however, have to integrate the social, cultural and development dimensions. Moreover, the realization of the full entrepreneurial potential available in the developing countries would require these countries to have better and favourable access to the global economic space.]

[15. The development issue, in particular the widening gap between the North and the South, represents the main challenge faced by the international community in the post-Cold War world. The rapid change that is taking place in the world economy, while giving rise to difficult challenges, offers also great opportunities for bridging this gap.]

[Growth and development prospects for developing countries for the first half of the 1990s are subject to uncertainty with respect to the depth and extent of the current recession in some developed countries, the effects of the divergent monetary policy between major developed countries as well as the implications of the transformation currently in progress in the economies in Central and Eastern Europe and the Commonwealth of Independent States. Some major developed economies are still in recession while others are faced with sluggish growth and rising unemployment. Concerted and urgent action is necessary to stimulate world economic activity. The few dynamic economies cannot on their own overcome the forces that continue to keep the international economy stagnant. The major developed countries have a special responsibility and therefore should make positive contributions in this respect.]

[It is obvious that unless there is an improvement in the external environment, developing countries will not be in a position to continue their reform processes and consolidate the gains achieved so far in pursuing their effort to integrate themselves into world economy. There is an urgent need, therefore, not only for greater co-ordination of policies among developed economies to put the global economy on a path of sustainable development and to create a favourable external environment, but also to adopt measures that would be supportive of development efforts developing countries have made so far. The issue, how to generate the necessary level of investible resources to put global economy on sustainable path is therefore of crucial interest as well as is a successful conclusion of the Uruguay Round which should strengthen the multilateral trading system and thereby provide an impetus to growth of the world trade to sustain and further enhance world economy.

[16. Developed countries should continue to adopt policies and implement expeditiously and concrete structural adjustment measures to provide geater market access for exports of products in sectors in which the developing countries have or may develop comparative advantage. In particular, they should encourage domestic factors of production to move progressively from the lines of production which are less competitive internationally, thus providing larger export possibilities for the developing countries.]

C. The growing convergence on development issues and priorities and a new partnership for development

14.bis. [Development dialogue will be focussed around the strengthening of national and international action and multilateral co-operation for healthy, secure and equitable world economy and, more specifically around policies and actions which will promote growth of the world economy and accelerated development in the developing countries.]

15. The most important development challenge for the 1990s is the [elimination of poverty and] revitalization of economic growth and social development in the developing countries on a long-term basis. Addressing this challenge [is a necessary condition for] [will make an important contribution to] lasting international peace and security. It calls for effective national policies to achieve sustained and accelerated non-inflationary growth and development, firmly supported by international cooperation aimed at improving the external economic environment, with each country contributing to this objective [in accordance with] its capacity and impact on the world economy. It also calls for a firm commitment to multilaterialism [with concrete actions], involving a strengthened [development dialogue and] co-operation for development among countries, rich and poor [based upon the principle of sovereign equality and the recognition of [mutual] [common] interest and shared responsibilities.].

16. Over the past few years the imperative of multilateralism has been intensified by, among other developments, the rise in the level of ecological concern, the ascendancy of new technologies, changing perceptions of domestic economic management and of international economic policy, and political and economic transformations in many countries. [Transboundary problems such as environmental degradation, fast-spreading epidemics, the illicit drug traffic, terrorism, migratory movements, and the disposal of hazarduous waste reinforce this imperative.] The need to facilitate the success of the transition of countries in Central and Eastern Europe to market-based systems, to integrate them into the world economy, and thus to generate positive impulses to world trade and development, [as well as the development needs of developing countries have] has also added a new dimension to the requirement of strengthened multilateral co-operation.

17. Member states of the United Nations have re-affirmed their commitment to pursue international co-operation in response to the challenge of growth and development. This re-affirmation was reflected in various texts recently adopted by the General Assembly and the Trade and Development Board, including the Declarations adopted respectively on the occasion of the twenty-fifth anniversary of UNCTAD and at the eighteenth special session of the General Assembly, as well as the International Development Strategy for the 1990s. The Programme of Action for the 1990s adopted by the Second United Nations Conference on the Least Developed Countries, [and also the United Nations new agenda for the development of Africa in the 1990's which was approved recently by the United Nations General Assembly following its final review of UNPAAERD as well as programme 45: The United Nations system-wide Plan of Action of Africa.] based on the concept of strengthened partnership between those countries and the developed countries, is an illustration of this commitment.

18. In addition, the global policy dialogue [has moved progressively towards more generally shared perceptions of] [is, through emerging shared perceptions, progressively forging a consensus on the] development problems and economic management issues [which are important ingredients for the evolution of a broader concensus to underpin international economic co-operation for development in the 1990s.] Development, for which individual countries retain the primary responsibility, is increasingly seen as a people-centred and equitable process, the ultimate goal of which must be the improvement of the human condition. Views have also converged on the importance, for development, of democratic systems based on popular consent and [accountability,] and on the stimulus that the observance of human rights can give to creativity, innovation and initiative. [, making human rights [in particular right to development] not only moral imperative, but also an important factor for development.]

19. Countries also accept that the development process requires effective supportive frameworks of broad economic policy, both national and international. [The use of market signals and competitiveness and the fostering of entrepreneurial initiative to optimize the contribution of the public and private sectors have become common features of the pursuit of economic efficiency.] [It is increasingly recognized that market signals and the fostering of entrepreneurial initiatives can improve efficiency, competitiveness and contribution of public and private sectors.] Furthermore,

it is generally recognized that, while no single model of domestic economic management can be applied to all countries, there is no substitute for sustained national policies directed at liberating and mobilizing latent energies for development and to promoting efficiency in the allocation and use of resources; it is accepted at the same time that a facilitating international economic environment is vital to the success of developmental efforts.

20. Furthermore, a consensus has developed on a number of priority aspects of development including the eradication of poverty and hunger, human resources and institutional development, improved access to technology and the strengthening of technological capacities, halting and reversing of protectionism, adoption of liberal investment regimes and other economic policies aimed at the mobilization of domestic and external resources, improved population policies, and the [protection of the environment.] [and the promotion of ecologically sound, sustainable and economicaly viable development] [In particular, the recent sharp rise in the level of public concern for the security of the planet's ecological base has sharpened international awareness that, in the interest of present and future generations, natural resources must be wisely managed and that production and consumption patterns must evolve in ways consistent with the protection of the environment. Countries accordingly agree that major efforts by all countries are necessary to evolve approaches to growth which would at the same time substantially alleviate poverty and promote ecologically sound and sustainable development.]

21. The relaxation of international tensions provides an incentive as well as opportunities [to all countries especially the developed countries] [to all countries] [to developed countries] [to all countries taking into account the magnitude of military expenditures [and the specific security needs of developing countries]] to divert, [as appropriate] resources [from expenditures on armaments] towards socially productive uses, including the easing of global strains, [budget deficit reduction] and generation of additional development finance [for developing countries]. National initiatives in this regard could produce cumulative effects by encouraging other countries to follow suit. In a climate of greater security, developing countries also should [be able to] [redeploy] [received] an increasing proportion of resources [as peace dividend and] currently directed to military

spending for the purpose of raising domestic living standards. Arms-exporting countries could contribute to this process by exercising restraint on arms sales and transfers, [as well as promotion.] The conversion of military capacities [and technologies] to civilian uses would also provide opportunities to adjust production structures to development priority needs and facilitate new trade, technological and financial flows. [UNCTAD should consider, and should promote an exchange of experiences on the economic aspects of conversion, including posible assistance to efforts by specific countries, its impact on growth and development at the national level, and the new forms of economic co-operation it could generate at the international level.]

22. [The respective broad responsibilities of developed and developing countries must include the following elements. Developing countries have embraced the complementary goals and the community of interest of broad-based economic growth, participatory development, and sustainability. [Recognizing the importance of domestic policies as a foundation for economic success, they should persevere with the vigorous efforts they have been making, [at considerable social and political cost,] towards these goals, [in fulfilment of their primary responsibility for their own economic and social development and] in accordance with their national plans and priorities.] Developed countries for their part [should recognize their particular] [have a major] responsibility in the context of growing interdependence to [create and sustain] [adopt sound national and international policies and to implement policies aimed at sustaining] a favourable global economic environment for accelerated sustainable development . They should resolutely pursue the objective, which has recently been reaffirmed by major industrial countries, of sustained non-inflationary recovery of the world economy; their priorities should include, inter alia, fostering structural adjustment in their economies and increasing their national savings.]

Proposal by Portugal on behalf of the EEC

[22. Growing global challenges require a new partnership for development based on the recognition of mutual interest and shared responsibilities for countries at all stages of development. While developing countries bear the primary responsibilities for their own development, developed countries and others in a position to do so will continue to give adequate support to their efforts and recognize their responsibility to help promote a favourable economic environment.]

Proposal by the Asian Group: new 3rd sentence in para. 22

[While reaffirming their primary responsibility for their own economic and social development in accordance with their national plans and priorities, recognize the importance of domestic policies and the need to introduce participatory arrangements that would help distribute the results of development and growth, allow everybody a say in the making of decisions that affect their lives, and guarantee respect for political, social, cultural and ideological diversity.]

23. With these considerations in mind Member states pledge themselves to a new partnership for development. They commit themselves, individually and jointly, nationally and internationally in the present environment of increasing globalization and technological advance, to the achievement of broadly diffused and sustained growth and development, and to that end should pursue coherent and mutually reinforcing policies in key economic and social areas. [Above all, they also accept the collective responsibility to create conditions for the equitable and predictable multilateral order essential to sustainable development and hence to peace and prosperity.] [Above all, they also commit themselves to make concerted efforts to create conditions for sustainable development and hence to peace and security.]

24. [The United Nations system, for its part, has a special responsibility to [consolidate] [support] this new partnership and to [translate it into a comprehensive] [foster] a set of convergent national and international policies towards [agreed] [mutually beneficial] objectives. With this in mind, multilateral institutions, in particular the United Nations, need to be revitalized and adapted, with the effective participation of developing countries, to evolving realities and expectations and to the shifting interrelationships among major issues of economic policy. The restructuring of the economic and social sectors of the United Nations, including the institutional adaptation of UNCTAD, is a sine qua non in this regard. The success of institutional reform will depend crucially on the political commitment of member countries to seize the new opportunities and to realize fully the potential of the United Nations as a forum for multilateral4action to promote higher standards of living, and conditions of economic and social progress for all, as well as world security and peace.]